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Town of Vienna
General Purpose Financial Statements
For the Year Ended April 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the State House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-5-03

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A PROFESSIONAL CORPORATION
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Town of Vienna, Louisiana
General Purpose Financial Statements
For the Year Ended April 30, 2013

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WILLIAM D. EDWARDS

*Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs*

INDEPENDENT AUDITOR'S REPORT

**Mayor and Board of Aldermen
Town of Vienna
Vienna, Louisiana**

I have audited the accompanying general purpose financial statements of Town of Vienna, Louisiana, as of and for the year ended April 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of Town of Vienna's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

Except as discussed in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The general purpose financial statements referred to above do not include audited activities and balances of the General Fixed Asset Account Group prior to May 1, 2000. The records of the General Fixed Asset Account Group were incomplete as to the details concerning the various furniture and equipment and the amount that should be recorded in the accompanying general purpose financial statements is not known prior to May 1, 2000.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to examine evidence regarding May 1, 2000 balances and sufficient cost data on the general fixed assets, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Vienna as of April 30, 2003, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report, dated October 6, 2003, on my consideration of the Town of Vienna's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants.



**Baron, Louisiana
October 6, 2003**

Town of Vienna
 Continued Balance Sheets - All Fund Types and Account Groups
 As of April 30, 2003

	Governmental Fund Type - General Fund	General Fixed Asset Account Group	(Memo) Totals
ASSETS			
Cash and equivalents	\$115,007		\$115,007
Accounts receivable - intergovernmental	1,817		1,817
Property and equipment		\$40,061	40,061
TOTAL ASSETS	<u>\$116,824</u>	<u>\$40,061</u>	<u>\$156,715</u>
LIABILITIES AND FUND EQUITY			
Liabilities - accounts payable	\$421		\$421
Fund Equity:			
Investment in general fixed assets		\$40,061	40,061
Fund balance - unencumbered - undesignated	116,232		116,232
Total fund equity	<u>116,232</u>	<u>40,061</u>	<u>156,294</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$116,654</u>	<u>\$40,061</u>	<u>\$156,715</u>

See accompanying auditor's report and notes to the financial statements.

Town of Vienna
 Combined Statement of Revenue, Expenditures, and
 Changes in Fund Balances - Budget and Actual
 GAAP Basis - General Fund
 For the year ended April 30, 2013

			Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Franchise fees		\$8,811	9,611
Interest income		2,924	2,924
Other income	\$14,980	2,208	(12,682)
TOTAL REVENUES	14,980	14,743	(137)
EXPENDITURES			
General government:			
Accounting services - audit	4,800	3,830	870
Office expenses	3,000	90	2,904
Repairs and maintenance	1,300	820	480
Insurance	1,800	1,181	619
Utilities		954	(954)
Highways and streets - utilities	3,800	2,697	1,103
TOTAL EXPENDITURES	14,200	9,618	5,882
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	0	5,725	5,725
FUND BALANCE, BEGINNING	110,508	110,508	0
FUND BALANCE, ENDING	\$110,508	\$116,233	\$5,725

See accompanying auditor's report and notes to the financial statements.

Town of Vienna, Louisiana
Notes to Financial Statements
For the Year Ended April 30, 2003

INTRODUCTION

The Town of Vienna was created under the provisions of the Lawton Act and operates under a Mayor-Board of Aldermen form of government. The Town provides general administrative services to its residents.

The accounting and reporting practices of the Town of Vienna conform to generally accepted accounting principles. The Governmental Accounting Standards Board prescribes general accepted accounting principles for governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units. The Town's accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

As the municipal governing authority, for reporting purposes, the Town of Vienna is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Vienna for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.

Village of Bensville, Louisiana
Notes to the Financial Statements (Continued)

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by generally accepted accounting principles, these financial statements present the Town of Vienna (the primary government)-only. There are no component units included in the accompanying financial statements.

Considered in the determination of component units of the reporting entity were the Lincoln Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board and the District Attorney and Judges for Bienville Parish. It was determined that these governmental entities are not component units of the Town of Vienna reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Vienna.

B. FUND ACCOUNTING

The municipality uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fund assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund - The general operating fund of the village and accounts for all financial resources, except those required to be accounted for in other funds.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the

Village of Elmville, Louisiana
Notes to the Financial Statements (Continued)

balance sheet. Opening statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principle and interest on long term debt is recognized when due.

D. BUDGETS

The primary government municipality uses the following budget practices:

The Town adopted a budget for the fiscal year ended April 30, 2003 for the General fund. The village follows the following procedures in establishing the budgetary data reflected in the financial statements. During the April meeting, the mayor submitted to the board of aldermen a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures but not the means of financing them. During the April meeting, the budget was legally enacted through passage of an ordinance. The public is invited to attend all meetings. The mayor is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures or expenses of any fund must be approved by the board of aldermen. Appropriations lapse at the end of the year. There was one amendment to the original budget.

E. CASH AND EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Village of Bienville, Louisiana
Notes to the Financial Statements (Continued)

F. FIXED ASSETS

Fixed assets of the governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical costs or estimated costs if historical cost is not available.

G. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. CASH AND CASH EQUIVALENTS

At April 30, 2003, the town has cash and cash equivalents (book balances) totaling \$115,037 as follows:

Cash on hand	\$6,337
Demand deposits	13,864
Time deposits	<u>94,836</u>
Total	<u>\$115,037</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At April 30, 2003, the town has \$108,500 in deposits (collected bank balances). These deposits are secured from risk by \$108,500 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank. (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Village of Bienville, Louisiana
Notes to the Financial Statements (Continued)

3. FIXED ASSETS

A summary of the changes in fixed assets is shown below:

	Balance <u>4/1/00</u>	Additions	Deletions	Balance <u>4/1/01</u>
Land	\$8,000			\$8,000
Buildings	28,331			28,331
Furniture and equipment	<u>5,510</u>			<u>5,510</u>
Total	<u>\$41,841</u>	<u>\$0</u>	<u>\$0</u>	<u>\$41,841</u>

REQUIRED SUPPLEMENTAL INFORMATION

WILLIAM D. EDWARDS

*Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of CPAs*

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Mayor and Board of Aldermen
Town of Vienna
Vienna, Louisiana

I have audited the general purpose financial statements of the Town of Vienna, as of and for the year ended April 30, 2003, and have issued my report thereon dated October 8, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Town of Vienna's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as Item 03-2.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Town of Vienna's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect Town of Vienna's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Item 03-1.

Because of a limited number of available personnel, it is not possible to adequately segregate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe none of the reportable conditions described is a material weakness.

This report is intended for the information of the Town, the Legislative Auditor, and any interested federal and state agencies and is not intended to be and should not be used by anyone other than those specified parties.


Baton Rouge, Louisiana
October 4, 2003

Town of Vienna
Summary of Prior Year Findings
For the Year Ended April 30, 2003

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

02-1. During my testing, it was noted that the Town maintains poor internal control. Supporting documentation for disbursements was not retained. Also timely deposits were not made which caused cash on hand to be excessively high. The effect of these instances increases the possibility that disbursements will be duplicated and income will be lost. Also interest income will be reduced.

Recommendation: I recommend the Town establish a policy to ensure that these situations do not recur.

Conclusion: Unresolved - see 03-1

02-2. For the year ended April 30, 2002 actual expenditures exceeded budgeted expenditures by more than 5% for the General fund. According to LRS 39:13-03, failing to amend the budget when necessary is a violation of the local government budget act.

Recommendation: I recommend that the Town analyze interim budget and actual comparisons and amend the budget as needed.

Conclusion: Resolved

02-3. Finding: The Town does not have a system in place to produce monthly financial statements. Municipalities are required to prepare monthly financial statements and present them to the governing body, according to LRS 33-423.

Recommendation: I recommend the Town establish a procedure to review the timeliness and accuracy of the financial statements monthly.

Conclusion: Unresolved - see 03-3

02-4. Finding: The Town purchased insurance from a company in which the mayor is an investor.

Recommendation: I recommend the Town monitor disbursements to ensure related party transactions do not occur.

Conclusion: Resolved. The mayor received an ethics ruling on this situation that stated as long as he did not own more than 35% of the insurance company then the town was not in violation of related party transactions.

03-5. **Finding:** The Town did not transmit its audit report within six months of the close of the fiscal year. According to LRS 33:463, the mayor and board of aldermen shall produce an annual financial statement of the municipality in accordance with generally accepted accounting principles and transmit a copy to the Legislative Auditor within six months of the close of the fiscal year.

Recommendation: I recommend the Town engage an auditor and make available all records within a reasonable time so as to comply with the state statute.

Conclusion: Resolved

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Town of Vienna
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2003

I have audited the general purpose financial statements of Town of Vienna as of and for the year ended April 30, 2003, and have issued my report thereon dated October 6, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the general purpose financial statements as of April 30, 2003 resulted in a qualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses: ☐ Yes ☒ No Reportable ☒ Yes ☐ No

Compliance

Compliance Material to Financial Statements ☒ Yes ☐ No

2. Federal Awards

Internal Control

Material Weaknesses ☐ Yes ☒ No Reportable ☐ Yes ☒ No

Type of Opinion On Compliance Unqualified ☐ Qualified ☐
For Major Programs Disclaimer ☐ Adverse ☐

Are their findings required to be reported in accordance with Circular A-133, Section 510(a)?
☐ Yes ☒ No

3. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
N/A	

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 200,000.

Is the audit a "low-risk" audit, as defined by OMB Circular A-133? ☐ Yes ☒ No

B. Financial Statements Findings

- 03-1. During my testing, it was noted that the Town maintains poor internal control. Supporting documentation for disbursements was not retained. Also timely deposits were not made which caused cash on hand to be excessively high. The effect of these instances increases the possibility that disbursements will be duplicated and income will be lost. Also interest income will be reduced.

Recommendation: I recommend the Town establish a policy to ensure that these situations do not occur.

Response: The Town concurs and has established a method of maintaining all supporting documentation and timely depositing all funds received.

- 03-2. **Finding:** The Town does not have a system in place to produce monthly financial statements. Municipalities are required to prepare monthly financial statements and present them to the governing body, according to LRS 31-425.

Recommendation: I recommend the Town establish a procedure to review the timeliness and accuracy of the financial statements monthly.

Response: The Mayor will be responsible for council members receiving monthly financial statements timely for review.

C. Federal Award Findings and Questioned Costs

None

TOWN OF VIENNA
P.O. Box 988
Vienna, LA 71273

CORRECTIVE ACTION PLAN
For the Year Ended April 30, 2003

Town of Vienna hereby submits the following corrective action plan as referenced in the Findings and Questioned Costs:

- 00-1. See the Schedule of Findings and Questioned Costs - Section II.
- 00-2. See the Schedule of Findings and Questioned Costs - Section II.